

Minutes

LBNL Contract Assurance Council Meeting December 14, 2005

Participants

Council Members:

Bob Foley, Chair
Joe Mullinix
Jim Holst
Bob Van Ness
Anne Broome
Pat Reed
Judy Boyette
Buck Koonce
John Layton
Karen Clegg

Others:

Jim Hirahara
David McGraw
John Chernowski
Jeffrey Fernandez
Susan Thomas
Bill Eklund
Gary Falle
Scott Sudduth
Susan Thomas
Sandy Vinson

The Agenda for the Council Meeting is attached.

Follow-up on OMB Circular A-123 Preparation

Jeffrey Fernandez reported that no definitive guidance from DOE for Departmental implementation of OMB Circular A-123 has been issued. The Laboratory is anxious to receive final guidance to determine if current plans they are initiating to establish enhanced financial controls required by the Circular are adequate. The Laboratory is proceeding as best as they can based on the general guidance contained in A-123 so that appropriate assurances can be provided to DOE in the Annual Assurance Letter required pursuant to the Federal Manager's Financial Integrity Act. When final DOE guidance is received, current efforts will be evaluated for conformance and any necessary adjustments to current activities will be made. Jeffrey has engaged in discussions with the CFO's at LANL and LLNL to benefit from any lessons learned from their programs. A visit to LLNL was scheduled (and occurred) later in the week to learn more about a software tool being implemented by LLNL for providing management information regarding status and effectiveness of financial controls. The Council encouraged LBNL to continue on its current path.

LBNL Strategic Management Initiative – Supply Chain Management

A briefing was provided by Jeffrey Fernandez on the Initiative to implement an integrated supply chain process within the Laboratory. See briefing attached. The goal of this initiative is to integrate and simplify the Laboratory's complex array of business resources and processes for requisitioning, ordering, receiving, controlling and using goods and services from outside sources. A detailed spend analysis has provided insight into opportunities for greater efficiency and reduced cost. For example, although purchase orders make up only 17% of the total procurement transactions, they account for 93% of the total dollars spent. This highlights the importance of having the right skill mix and appropriate workload assignments to handle large purchase orders rather than basing resource needs on cumulative data without taking in to account the various types of transactions. Also, depending on the type of transactions, simplified processes are being developed, such as consolidated ordering of lab supplies, computers and office supplies. This is enabling users to access contracts, many with business to business (B2B) interfaces for ordering commodities with pre-negotiated prices under blanket agreements. These arrangements also provide for more efficient handling of accounts payable. The Laboratory is committed to saving \$30 million over 5 years and

is tracking costs very closely to measure progress. The Council requested periodic reports on cost-savings to monitor progress. LBNL was also encouraged by the Council to work closely with the DOE Site Office to share their methodology for tracking costs and make sure they consider the Laboratory's approach to be valid.

ES&H Self-Assessment Results & Opportunities for Improvement

John Chernowski provided a briefing on the Laboratory's ES&H Self-Assessment for the 2005 performance period. See briefing attached. John described the three tiers of ES&H assessment done by the Laboratory, from the Safety Review Committee Management of ES&H (MESH) Reviews, to the Integrated Functional Appraisals, and Division Self-Assessments. The Council inquired whether an independent validation of the various assessments was performed. John indicated that his organization, the Office of Contract Assurance, performed validation reviews of the ES&H self-assessments. There was further discussion by the Council regarding the color-coded matrix of self assessment findings, in particular the extent of follow-up and current status where a "red" assessment occurred. It was reported that deficiencies in multiple divisional self assessments noted in "# NCARs" (i.e., Nonconformance and Corrective Action Reports) had all been followed up on and were corrected. Injury and accident rates have shown a steadily declining trend. Comparisons to other Office of Science Labs are in need of refinement, and this refinement is likely to be driven by the standardized Performance Evaluation Management Plan process being implemented this year by Office of Science. The Council noted that while the trends appeared to be favorable, the data indicated that roughly 1 in every 100 employees has an injury or accident and we should not be satisfied with that. Finally, several opportunities for improvement, including hazard inventory, communication of UC/LBNL MOU, ergonomic evaluations, and SAA compliance, were identified. Mid-year progress on improvements should be reported at a future Council meeting.

Corrective Action Tracking System Update

Due to time constraints, this agenda item was deferred to next month's meeting.

Program/Project Reviews

David McGraw provided a briefing on recent program/project reviews by external reviewers. See attached briefing. The Biological and Environmental Research Advisory Committee (BERAC) reviewed scientific, management and operational activities at the Joint Genome Institute (JGI). The review was called a "great success" by the Office of Science. Much of the success was attributable to a rigorous internal review process and extensive preparation in advance of the BERAC team's review.

On another matter, a "Lehman review" of the Pre CD-1 Readiness of the Building 51/Bevatron Decommissioning & Decontamination (D&D) project concluded that the project is not ready for CD-1. The project team lacked necessary experience and was not able to implement measures to address internal findings identified during the vetting review. A new project manager has been appointed and corrective actions are in place to address issues so CD-1 approval from DOE can be sought with minor impact on schedule. This setback has disappointed the Office of Science, and a prompt, thorough response is very important to keep the project on track and begin restoring DOE's confidence in the University.

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AGENDA

LBNL CONTRACT ASSURANCE COUNCIL

Wednesday, December 14, 2005

9:00 a.m. - 10:00 a.m.

1111 Franklin Street, 9th Floor, Room 9204

Call in Number (866) 740-1260 Code: 9870914

9:00	Introductory Remarks	Bob Foley
9:05	Follow-up on OMB Circular A-123 Preparation	Jeffrey Fernandez
9:10	Management Initiatives – Supply Chain Management	Jeffrey Fernandez
9:20	ES&H Self-Assessment Results & Institutional Opportunities for Improvement	John Chernowski
9:30	Corrective Action Tracking System (CATS) Update	John Chernowski
9:40	Program/Project Reviews <ul style="list-style-type: none">- JGI External Review- Results of the Bldg. 51 Readiness Review	David McGraw
9:50	General LBNL Assurance Topics	Council Members
9:55	Wrap up and next meeting	Bob Van Ness
10:00	Adjourn	
Council Members:		
VP Foley, Council Chair		AVP Van Ness
SVP Mullinix		AVP Birely
SVP Darling		AVP Boyette
General Counsel Holst		Deputy AVP Koonce
Vice Provost Coleman		
VP Broome		External Members:
Auditor Reed		Karen Clegg
Academic Senate Chair Brunk		John Layton